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COMMUNICATIONS COMMISSION  
FEDERAL OF THE SECRETARY

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Tuesday, October 26, 1999

CC DOCKET NO. 99-333

Mr. William E. Kennard  
Federal Communications Commission Chairman  
445 - 12<sup>th</sup> Street, SW  
Washington, DC 20554

**Re: Proposed Merger of MCI Worldcom and Sprint Corporation**

Dear Chairman Kennard:

A few weeks ago I wrote you expressing my objection to the proposed merger of MCI and Sprint. In short, I do not believe this merger will be of benefit to consumers. In today's Seattle's Post Intelligencer newspaper was an article I thought you might find of interest, which also supports my objection.

Thank you for allowing me to express my concerns and objection to this mega merger.

Sincerely yours,

  
Tony L. Smith

TLS/  
Enclosure

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# Those five-and-dime long-distance deals may not ring true for all telephone users

**H**ave you seen Michael Jordan proclaim "5 cents everyday," in the TV ads for MCI WorldCom, the long-distance telephone company? That's 5 cents a minute, for evenings and weekends (but 10 cents a minute during daytime hours, which the ad doesn't mention).

Sprint, which hopes to merge with MCI, pushes "nickel nights" (also with "dime days"). At AT&T, it's 7 cents a minute, all the time.

On the surface, this price war appears to be saving the average consumer money. But if you believe that, you've been, um, oversold,



**Jane Bryant Quinn**

says economist Paul MacAvoy, an antitrust expert and professor at the Yale School of Management. (His assessment was actually harsher, but this will do.)

For full disclosure, Michael Jordan should pipe up, "forget this plan, unless you'll spend enough money on phone calls to make it worthwhile."

All these apparently cut-rate plans charge \$4.95 or \$5.95 a month, in addition to the low per-minute fees. The monthly fees are disclosed in the ads, but quietly.

Because of these fees, the new plans make sense only if you spend at least \$25 or \$30 on long-distance calls each month, from your home phone (these are all residential rates, not the rates businesses pay).

"Power users," who spend even more than

See QUINN, Page E7

## Quinn: Long-distance in 'monopoly range'

From Page E1

\$30, will save the most. For extra-low rates, sign up for long-distance service through the Internet.

But more than half of all phone owners are emphatically not "power users," according to Consumers Union. If you don't spend a lot on long-distance calls, you're better off with a calling plan that costs more per minute but less per month.

Consider these attractive plans, from two smaller phone companies: Matrix Just 9.9 (800-282-0242), 9.9 cents a minute, all the time, with no monthly fee; and Excel Dime Deal (800-875-9235), 10 cents a minute, all the time plus a \$1 monthly fee.

When I use the words "calling plan," I mean some sort of discount plan. Anyone still on a traditional long-distance plan is almost certainly paying too much.

For example, the standard plans at AT&T, Sprint, MCI and Frontier now impose a monthly minimum charge of \$3 or \$5, even if you make no long-distance calls at all.

"Customers are getting irate," says Sam Simon, founder of the Telecommunications Research & Action Cen-

ter (TRAC) in Washington, D.C. "We had one customer send us a phone bill of \$16.50, representing three months' worth of minimum fees and 25 cents for long-distance calls."

For light users, "long-distance prices are in the monopoly range," MacAvoy told my associate, Dori Perrucci. He thinks that your service will continue to decline in quality and get more expensive, relative to what the heavier users pay.

Several other types of fees show up on all long-distance bills. These are federally mandated charges for such things as using local phone company's wires and subsidizing rural service.

Phone company apply these fees in a different way. Low-volume users do a little better at Sprint and MCI, while high-volume users do a little better at AT&T, Simon says. Matrix or Excel might be cheaper overall.

To find the calling plan that suits you best, get TRAC's TeleTips newsletter, comparing what seven phone companies charge for residential long-distance service (send \$5 and a business-size, self-addressed, stamped envelope to TRAC at P.O. Box 27279, Washington, D.C. 20005).

For \$7, you can get a TeleTips

newsletter that compares the rates offered to small businesses.

If you rarely use long distance, you might notify your local phone company to cancel your long-distance carrier and use the pre-paid telephone cards that are sold at many retail outlets.

But be sure you have a low-cost card. The package should disclose the rates and fees; some can be more expensive than ordinary long-distance service. Also, take care to use up your pre-paid minutes before the card expires.

Alternatively, consider a c around service. Here, you dial 10 plus a three-digit number, then the long-distance number you want. You'll be billed for each call, through your local phone company.

The effective price of the dial-arounds varies a lot. Some are cheap only if your calls last longer than 10 or 20 minutes. Some impose hefty extra fees. For \$1, TRAC will send you a chart comparing these prices, too.

■ Jane Bryant Quinn is a syndicated columnist with the Washington Post Writers Group. Her column appears on Tuesdays and Thursdays.